



Why Precision Drilling Shares Plunged

Description

Although we don't believe in timing the market or panicking over market movements, we do like to keep an eye on big changes — just in case they're material to our investing thesis.

What: Shares of **Precision Drilling** ([TSX: PD](#)) sank 10% today on news that its largest shareholder exited its entire position in the oilfield services company.

So what: Precision said in a statement that Alberta Investment Management Co (AIMCo) sold its entire 15% stake in an overnight transaction, triggering concern on Bay Street over the stock's upside going forward. While AIMCo CEO Leo de Bever remains positive on Precision's fundamentals, he believes that the stock is fairly valued at the moment.

Now what: I'd look into today's double-digit plunge as a possible buy-in opportunity. "AIMCo acted independently of Precision in both its decision to exit its position and the facilitation of the overnight marketed transaction," Precision [noted](#) in a statement. So while Fools likely won't be able to replicate AIMCo's more than 200% return on Precision, the stock's current levels — down about 20% from its 52-week highs and trading at a forward P/E discount to the industry — seem like a reasonable risk-adjusted entry point.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:PDS (Precision Drilling Corporation)
2. TSX:PD (Precision Drilling Corporation)

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